

## **Exhibit 2**

# SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

## Form 10-K

### ANNUAL REPORT PURSUANT TO SECTION 13 OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 30, 1979

Commission file number 1-3215.

*Johnson & Johnson*

(Exact name of registrant as specified in its charter)

New Jersey  
(State or other jurisdiction of  
incorporation or organization)

22-1024240  
(I.R.S. Employer  
Identification No.)

501 George Street  
New Brunswick, New Jersey  
(Address of principal executive offices)

08903  
(Zip Code)

Registrant's telephone number, including area code (201) 524-0400

### SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, Par Value \$2.50	New York Stock Exchange
	Toronto Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Common Stock, Par Value \$2.50	61,212,091 shares
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Pages: This report, including exhibits, contains 50 pages numbered sequentially from this cover page.

## Item 1. *Business*

### General

Johnson & Johnson, employing approximately 71,800 people worldwide, is engaged in the manufacture and sale of a broad range of products in the health care and other fields in many countries of the world. Johnson & Johnson's primary area of interest, both historically and currently, has been the health care field. "Health care" is used here in the broad sense as encompassing products related to health and well-being and includes, for example, toiletry and baby care items.

Johnson & Johnson's involvement in product lines outside the health care field has generally been a result of the application of resources, technology and products originally designed for the health care field.

Johnson & Johnson is organized on the principles of decentralized management and conducts its business through operating subsidiaries which are themselves, for the most part, integral, autonomous operations. Management responsibility for each company lies with its President, General Manager or Managing Director who reports directly or through a Company Group Chairman to a member of the Executive Committee of the Board of Directors. In line with this policy of decentralization, each international subsidiary is, with some exceptions, managed by citizens of the country where it is located.

### Segments of Business

Johnson & Johnson's worldwide business is divided into four industry segments: *Consumer*, *Professional*, *Pharmaceutical* and *Industrial*. The following descriptions of industry segments include comments regarding operating profit, which differs from earnings before taxes as it excludes certain income and expense items not allocated to segments, such as interest expense, minority interests and general corporate income and expense.

During 1979 and 1978 sales and operating profit by industry segment on a worldwide basis were:

Sales (\$ in millions)	1979	1978*	Increase	
			Amount	Percent
Consumer .....	\$1,827.4	1,551.9	275.5	17.7%
Professional .....	1,347.5	1,025.0	322.5	31.5
Pharmaceutical .....	702.2	608.3	93.9	15.4
Industrial .....	334.5	312.1	22.4	7.2
Worldwide total .....	<u>\$4,211.6</u>	<u>3,497.3</u>	<u>714.3</u>	<u>20.4%</u>

  

Operating Profit (\$ in millions)	1979	1978*	Increase (Decrease)	
			Amount	Percent
Consumer .....	\$ 241.3	176.6	64.7	36.6%
Professional .....	177.0	184.1	(7.1)	(3.9)
Pharmaceutical .....	183.2	148.5	34.7	23.4
Industrial .....	32.3	37.1	(4.8)	(12.9)
Segments total .....	633.8	546.3	87.5	16.0
Income (expense) not allocated to segments .....	(42.1)	(32.1)	10.0	
Earnings before taxes on income .....	<u>\$ 591.7</u>	<u>514.2</u>	<u>77.5</u>	<u>15.1%</u>

\* Reclassified to conform to 1979 presentation involving the transfer of certain products from the Pharmaceutical segment to the Consumer segment.



JOHNSON & JOHNSON PRODUCTS, INC. This subsidiary's products include adhesive and gauze bandages, adhesive tapes, wound dressings, first aid kits and other first aid items sold under trademarks such as "BAND-AID", "RED CROSS", "STERI-PAD" and "DERMICEL"; surgical dressings, tape and other single-use hospital products sold under trademarks such as "SOF-WICK", "PATIENT-READY", "RAY-TEC" and "SURGICEL"; consumer products such as the o.b. Brand Digital Tampon and the REACH Brand Toothbrush; and the orthopaedic implants and associated instruments of its CINTOR Division. In addition, the trademarks "JOHNSON & JOHNSON", "JOHNSON'S" and "J&J" are used throughout the product lines of this subsidiary. The principal markets for the products of this subsidiary are consumers; medical and other professional personnel; and hospitals and other health care institutions. Consumer products are distributed both through wholesalers and through direct buying independent and chain retail outlets. Hospital and professional products are distributed through wholesalers as well as directly.

MCNEIL CONSUMER PRODUCTS COMPANY. This division of a subsidiary is a manufacturer of over-the-counter analgesic products. Its line of "TYLENOL" products includes acetaminophen tablets, capsules and liquid, and children's elixir, chewable tablets and drops. Other products include CoTYLENOL Brand Cold Formulas and SINE-AID Brand Sinus Headache Tablets. These consumer products are distributed through both wholesalers and direct buying independent and chain retail outlets.

MCNEIL LABORATORIES. This division of a subsidiary provides the medical profession with prescription drug products, including analgesics, major tranquilizers, anti-inflammatory agents and muscle relaxants. Included in its product line are PARAFON FORTE Brand Pain Reliever/Muscle Relaxant, HALDOL Brand of Haloperidol—a tranquilizer used in psychotherapy, TOLECTIN Brand Tolmetin Sodium Tablets—an antiarthritic, and "TYLENOL" with Codeine tablets—an analgesic. Its products are distributed both directly and through wholesalers.

ORTHO DIAGNOSTICS INC. This subsidiary's products include vaccines, blood-typing sera, pregnancy diagnostic tests and other diagnostic products sold under trademarks such as "RhoGAM", "GRAV-INDEX" and "SICKLEDEX". These products are distributed to hospitals, blood banks and clinical laboratories both directly and through distributors.

ORTHO PHARMACEUTICAL CORPORATION. This subsidiary manufactures and sells contraceptive pills, diaphragms, spermicides and other products for family planning under such trademarks as "ORTHO-NOVUM", "DELFIN", "MODICON" and "ORTHO-GYNOL"; vaginal anti-bacterial and anti-fungal products and other therapeutics sold under trademarks such as "MONISTAT" and "SULTRIN"; dermatological products sold under the trademarks "RETIN-A" and "MICATIN"; and an antidiarrheal sold under the trademark "IMODIUM." The principal markets for these products are consumers, the health care professions and hospital and similar medical institutions. The products are distributed through wholesalers as well as directly.

PERMACEL. This subsidiary develops, manufactures and markets pressure-sensitive tapes used in industry for services ranging from automotive masking, wire splicing and carton sealing to component insulating in electrical circuitry. Its principal trademark is "PERMACEL." A variety of industrial trade channels are utilized in the distribution of these products.

PERSONAL PRODUCTS COMPANY. The field of interest of this subsidiary is primarily products for feminine hygiene. Among its principal products are MODESS, STAYFREE and SURE & NATURAL Brands of Sanitary Napkins and CAREFREE PANTY SHIELDS Brand Feminine Protective Pads. Other products include COETS Brand Cosmetic Squares and SHOWER-TO-SHOWER Brand Body Powder. These consumer products are distributed through both wholesalers and direct buying independent and chain retail outlets.